

SENATE RECORD VOTE ANALYSIS

104th Congress
2nd Session

Vote No. 145

May 22, 1996, 5:13 p.m.
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BUDGET RESOLUTION/Asset Sales, Corporate Tax Deductions

SUBJECT: Senate Concurrent Budget Resolution for fiscal years 1997-2002 . . . S. Con. Res. 57. McCain/Domenici amendment No. 4035 to the Bumpers amendment No. 4013.

ACTION: AMENDMENT AGREED TO, 98-0

SYNOPSIS: As reported, S. Con. Res. 57, the Concurrent Budget Resolution for fiscal years 1997-2002, will balance the Federal budget in fiscal year (FY) 2002 by slowing the overall rate of growth in spending over the next 6 years to below the rate of growth in revenue collections. The rate of growth in entitlements such as Medicare, Medicaid, the Aid to Families with Dependent Children program, and the Earned Income Credit will be slowed. No changes will be made to the Social Security program, the spending for which will grow from \$348 billion in FY 1996 to \$467 billion in FY 2002. Defense spending will be essentially frozen at its present level.

The Bumpers amendment would add that for the "purposes of any concurrent resolution on the budget and the Congressional Budget Act of 1974, no amounts realized from sales of assets shall be scored with respect to the level of budget authority, outlays, or revenues."

The McCain/Domenici amendment to the Bumpers amendment would strike all after the first word and insert sense-of-the-Senate language on the elimination of corporate tax subsidies. It would then insert binding language to prohibit the scoring of asset sales that eventually would lead to a net loss of revenue for the Federal Government. More specifically, the amendment would express the sense of the Senate that this budget resolution assumes:

- the Federal budget contains tens of billions of dollars in payments, benefits, and programs that primarily assist profit-making enterprises and industries rather than serving a clear and compelling public interest;
- corporate subsidies can provide unfair competitive advantages to certain industries and industry segments;
- at a time when millions of Americans are being asked to sacrifice in order to balance the budget, the corporate sector should bear its share of the burden; and
- Federal payments, benefits, and programs which predominantly benefit a particular industry or segment of an industry, rather

(See other side)

YEAS (98)				NAYS (0)		NOT VOTING (2)	
Republican (53 or 100%)		Democrats (45 or 100%)		Republicans (0 or 0%)	Democrats (0 or 0%)	Republicans (0)	Democrats (2)
Abraham	Helms	Akaka	Inouye				Dodd ⁻²
Ashcroft	Hutchison	Baucus	Johnston				Lieberman ⁻²
Bennett	Inhofe	Biden	Kennedy				
Bond	Jeffords	Bingaman	Kerrey				
Brown	Kassebaum	Boxer	Kerry				
Burns	Kempthorne	Bradley	Kohl				
Campbell	Kyl	Breaux	Lautenberg				
Chafee	Lott	Bryan	Leahy				
Coats	Lugar	Bumpers	Levin				
Cochran	Mack	Byrd	Mikulski				
Cohen	McCain	Conrad	Moseley-Braun				
Coverdell	McConnell	Daschle	Moynihan				
Craig	Murkowski	Dorgan	Murray				
D'Amato	Nickles	Exon	Nunn				
DeWine	Pressler	Feingold	Pell				
Dole	Roth	Feinstein	Pryor				
Domenici	Santorum	Ford	Reid				
Faircloth	Shelby	Glenn	Robb				
Frist	Simpson	Graham	Rockefeller				
Gorton	Smith	Harkin	Sarbanes				
Gramm	Snowe	Heflin	Simon				
Grassley	Specter	Hollings	Wellstone				
Gregg	Stevens		Wyden				
Hatch	Thomas						
Hatfield	Thompson						
	Thurmond						
	Warner						

EXPLANATION OF ABSENCE:

- 1—Official Business
- 2—Necessarily Absent
- 3—Illness
- 4—Other

SYMBOLS:

- AY—Announced Yea
- AN—Announced Nay
- PY—Paired Yea
- PN—Paired Nay

than provide a clear and compelling public benefit, should be reformed or terminated in order to provide additional tax relief or deficit reduction or to achieve the savings necessary to meet this resolution's instructions and levels.

On asset sales, the amendment would only permit the scoring of revenue gained from asset sales to the extent that such revenue exceeded present and future losses of revenue that would come from those asset sales. For example, if an asset like a power plant generated revenue for the Government, the revenue foregone in present and future years would be subtracted from the funds gained from selling the power plant before scoring the sale.

Those favoring the amendment contended:

The McCain amendment has two parts. The first part would express the sense of the Senate that Federal payments, benefits, and programs that just benefit a particular industry or a particular segment of an industry without providing any clear or compelling public benefit should be eliminated. Such subsidies unfortunately exist, and they are costly. The Cato and Progressive Policy Institutes joined forces to identify unjust corporate subsidies, and came up with a list of 125 Federal programs that subsidize various industries to the tune of \$85 billion every year. The Progressive Policy Institute then created a separate list of unjustified tax loopholes for businesses that add up to an additional \$30 billion per year. In these very tight fiscal times, when one meritorious program after another is being trimmed back in an effort to balance the budget, Senators have a moral obligation to get rid of this porkbarrel spending for rich corporations.

The second part of the amendment would address the issue of asset sales. The proceeds from the sale of assets that would have generated more revenue over the long-term for the Federal Government if they had not been sold would not be used in budget calculations. For instance, if \$100 million in revenue were gained from the sale of a power plant that generated \$50 million yearly for the Government, that \$100 million would not be scored because within 3 years the Government would lose a net of \$50 million. The losses of income would be scored still--obviously that \$150 million over 3 years would be revenue that the Government was no longer collecting. Just as obviously, whether the money was scored or not, the Federal Government would still have the \$100 million. If the scored budget balance had a deficit of \$100 million, the budget would really be balanced--no money would have to be borrowed. Only on paper, as required by this amendment, would the budget be out of balance. Though this formulation seems dishonest, it has a very valid purpose. Refusing to score sales that would cost the Government money over the long-term would stop Members from making such damaging proposals. They would no longer have the incentive of being able to take the short-term gain of claiming the budget would reach balance when they knew that in the long-term they were creating problems by cutting revenue in the out-years.

On the other hand, they would still appropriately be encouraged to make asset sales that would generate revenues now and in the future. For instance, leasing land in the Arctic National Wildlife Refuge (ANWR; such leases are counted as sales) for oil exploration would generate a small amount of revenue instantly, and potentially billions of dollars in royalties eventually if oil were found.

Our colleagues who oppose asset sales are mostly concerned about leasing in ANWR. They do not oppose that leasing because they think it will lose money. Instead, they oppose it for environmental reasons (those reasons are invalid; see vote No. 146). In fact, they fear that it will generate a tremendous amount of revenue for the Government, leading to greater oil exploration and development.

The only real problem with the scoring of asset sales is addressed by this amendment. This amendment also appropriately expresses the sense of the Senate on getting rid of unjustified tax loopholes. We urge Senators to join us in voting in its favor.

While favoring the amendment, some Senators expressed the following reservations:

The McCain amendment would do some good, but it still would not correct the fundamental problem that when assets are sold, they only make the budget look better for the year in which the revenue is collected. For that reason, income that will not come in steadily year after year should not be counted when deciding if a budget is in balance. All the McCain amendment would do is prohibit the scoring of proceeds from asset sales that would lead to a financial loss by the Federal Government over the long run. Asset sales that produced one-time gains that did not then lead to losses would still be scored. The McCain amendment is thus only a partial solution. Senators should vote for it, and should then join us in voting for the Bumpers amendment to follow, which would provide a complete solution.

No arguments were expressed in opposition to the amendment.